

**ORIGINAL**

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28DR

April 2, 2007

*Via Overnight Mail*

Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007-2927

RE: Responses to Staff's Additional Data Requests  
Network US, Inc. d/b/a CA Affinity  
Docket T-04013A-02-0949

AZ CORP COMMISSION  
DOCUMENT CONTROL

2007 APR -3 A 11:49

RECEIVED

Dear Sir or Madam:

Enclosed please find an original and (13) copies of the responses to Staff's Data Requests to Network US, Inc., d/b/a CA Affinity.

- 1) 2005 and 2006 financials attached.
- 2) Ownership percentages - 50% Brian Sledz, 50% Tim Sledz

An additional copy of this letter has been enclosed to be date-stamped and returned in the envelope provided as evidence of the filing.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Becky Heggelund

/bh  
Enclosure

Arizona Corporation Commission  
**DOCKETED**

APR -3 2007

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7:58 AM  
03/29/07  
Accrual Basis

**Network US, Inc.**  
**Balance Sheet**  
As of December 31, 2006

	<u>Dec 31, 06</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 · Cash - First Midwest	-80,239.97
1005 · Cash - FMB tax account	856.57
1010 · Cash - Bank One	-3,607.41
1012 · Visa/MC	13,955.93
1013 · Money Market	4,976.41
Total Checking/Savings	<u>-64,058.47</u>
Accounts Receivable	
1201 · Accounts receivable, net allow.	490,551.06
Total Accounts Receivable	<u>490,551.06</u>
Other Current Assets	
1210 · Prepaid insurance	-2,622.70
1220 · Due from GTI	320,730.10
1240 · Due from/(to) Zyzox	-3,383.00
1245 · Due from Windwalker Ent/New Leg	378,223.53
1246 · Due to/from Windwalker Aero	-11,876.78
1251 · Due to/from DNS	4,000.00
2106 · Carrier Deposit	40,000.00
Total Other Current Assets	<u>725,071.15</u>
Total Current Assets	1,151,563.74
Fixed Assets	
1570 · Computer equipment	60,338.08
1540 · Furniture & fixtures	68,933.87
1550 · Software - Monarch	50,000.00
1560 · Software - RAMS from CA	200,000.00
1590 · Software - computers	80,890.57
1575 · Accumulated depreciation	-286,117.45
1700 · Goodwill	
1710 · Affinity customer list	401,877.62
1730 · CA customer list	19,602.34
1735 · Motion customer list	607,038.00
1525 · Accumulated amort. - cust. list	-16,406.71
1585 · Accumulated amort. - goodwill	-135,474.15
Total 1700 · Goodwill	<u>876,637.10</u>
1720 · Organizational costs	37,234.30
1580 · Accumulated amort. - org. costs	-5,000.00
Total Fixed Assets	<u>1,082,916.47</u>
Other Assets	
1750 · Due from officer	591,667.68
Total Other Assets	<u>591,667.68</u>
<b>TOTAL ASSETS</b>	<u><u>2,826,147.89</u></u>

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Accrual Basis

**Network US, Inc.**  
**Balance Sheet**  
As of December 31, 2006

Dec 31, 06

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Accounts Payable**

2105 · A/P - CA Commissions 137,169.53

2100 · Accounts payable 443,456.39

**Total Accounts Payable 580,625.92**

**Other Current Liabilities**

2101 · Accounts payable - orgs. 6,166.51

2102 · Accounts payable - agents 7,683.74

2119 · Accrued salaries & wages 35,370.76

2150 · State sales tax payable 910,007.28

2151 · Universal Service Fund payable 252,648.46

2152 · Federal excise tax payable 1,085,473.55

2187 · 401(k) pension payable -1,476.64

**Total Other Current Liabilities 2,295,873.66**

**Total Current Liabilities 2,876,499.58**

**Total Liabilities 2,876,499.58**

**Equity**

2196 · Shareholder Draws-BS -653,061.39

2197 · Shareholder Draws-TS -653,671.75

3010 · Retained earnings 583,544.35

3100 · Common Stock 1,000.00

**Net Income 671,837.10**

**Total Equity -50,351.69**

**TOTAL LIABILITIES & EQUITY 2,826,147.89**

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03/29/07  
Accrual Basis

**Network US, Inc.**  
**Profit & Loss**  
January through December 2006

	<u>Jan - Dec 06</u>
Ordinary Income/Expense	
Income	
4100 · Long distance revenue	6,685,935.99
4130 · Local Loops	152,087.53
4140 · Late Fees	130,829.31
4150 · Plan Fees	1,035,426.54
4700 · Other operating revenue	5,529.16
5156 · Customer refunds	<u>-15,505.54</u>
Total Income	7,994,302.99
Cost of Goods Sold	
5030 · Cost of sales - long distance	4,423,213.78
5032 · Cost of sales - internet	333.87
5034 · Cost of sales - local	11,287.89
5035 · Cost of sales - calling cards	36,295.41
5040 · 8xx Carrier Charge	<u>17,180.17</u>
Total COGS	<u>4,488,311.12</u>
Gross Profit	3,505,991.87
Expense	
1571 · Computer Consulting	11,877.50
1572 · Computer - Supplies	8,829.06
1573 · Computer - Software	9,731.48
1574 · Computer - Hardware	14,110.60
5060 · Commissions - agents	
5062 · Commission-AFF Agents	4,419.98
5061 · Commissions - CA Agents	689,551.58
5060 · Commissions - agents - Other	<u>2,698.64</u>
Total 5060 · Commissions - agents	696,670.20
5071 · Royalties - organizations	5,357.96
5101 · Marketing	4,956.19
5120 · Bad debts	95,000.00
5130 · Billing expenses	64,327.74
5131 · Billing postage	91,636.68
5132 · Printing-Collections-Letterhead	1,344.93
5134 · Billing-paper	9,269.41
5140 · Collection expense	1,176.62
5141 · Alarm Expense	420.97
5157 · Charitable Contributions	198.00
5160 · Goodwill Amortization Expense	6.00
5180 · Dues & subscriptions	8,966.00
5201 · Storage	9,874.00
5219 · Insurance-Auto	4,719.00
5220 · Insurance - commercial	1,032.30
5222 · Insurance - medical & dental	85,264.67
5224 · Insurance - work comp	7,276.20
5227 · Insurance - Life	8,503.96
5229 · Insurance - MSA	21,718.59

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Accrual Basis

**Network US, Inc.**  
**Profit & Loss**  
**January through December 2006**

	<u>Jan - Dec 06</u>
5240 · Licenses & fees	11,528.72
5260 · Outside services	1,900.89
5270 · Postage & delivery	15,466.67
5294 · Professional services	
5295 · Tax Compliance	36,932.14
5294 · Professional services - Other	<u>78,330.51</u>
Total 5294 · Professional services	115,262.65
5310 · Rent expense	80,158.85
5313 · Repairs and Maintenance	318.95
5314 · Supplies	25,776.16
5315 · Cleaning Service	17,250.00
5316 · Bank charges	42,932.43
5318 · Repairs & maintenance	7,023.17
5319 · Rentals Expense	7,252.85
5320 · Salaries & wages	971,271.59
5322 · Taxes - payroll	69.61
5323 · State/Local Taxes	6,028.45
5324 · Annual Report Filing	300.00
5326 · Sales Taxes	640.99
5330 · Temporary labor	846.00
5333 · Travel	34,896.28
5334 · Meals and entertainment	128,065.68
5336 · Social Activities	4,489.91
5337 · Auto	34,777.35
5339 · Lodging	20,769.31
5360 · Telephone	20,482.83
5364 · Utilities	9,342.37
5365 · Telephone-Cellular	15,637.13
5395 · Internet services	11,213.85
5400 · Miscellaneous expense	<u>6,659.64</u>
Total Expense	<u>2,752,630.39</u>
Net Ordinary Income	753,361.48
Other Income/Expense	
Other Expense	
5170 · Depreciation & amortization	81,509.10
5230 · Interest expense	<u>15.28</u>
Total Other Expense	<u>81,524.38</u>
Net Other Income	<u>-81,524.38</u>
Net Income	<u><u>671,837.10</u></u>

10:20 AM  
03/30/07  
Accrual Basis

**Network US, Inc.**  
**Balance Sheet**  
**As of December 31, 2005**

	<u>Dec 31, 05</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1000 · Cash - First Midwest	29,946.26
1005 · Cash - FMB tax account	604.29
1012 · Visa/MC	15,966.19
1013 · Money Market	<u>1,831.76</u>
Total Checking/Savings	48,348.50
<b>Accounts Receivable</b>	
1201 · Accounts receivable, net allow.	<u>563,606.61</u>
Total Accounts Receivable	563,606.61
<b>Other Current Assets</b>	
1240 · Due from/(to) Zyzox	-3,383.00
1245 · Due from Windwalker Ent/New Leg	378,223.53
1246 · Due to/from Windwalker Aero	8,123.22
2106 · Carrier Deposit	<u>40,000.00</u>
Total Other Current Assets	<u>422,963.75</u>
<b>Total Current Assets</b>	1,034,918.86
<b>Fixed Assets</b>	
1570 · Computer equipment	59,752.88
1540 · Furniture & fixtures	60,611.00
1550 · Software - Monarch	50,000.00
1560 · Software - RAMS from CA	200,000.00
1590 · Software - computers	80,630.57
1575 · Accumulated depreciation	-237,653.45
1700 · Goodwill	
1710 · Affinity customer list	401,877.62
1730 · CA customer list	19,602.34
1735 · Motion customer list	607,038.00
1525 · Accumulated amort. - cust. list	-16,406.71
1585 · Accumulated amort. - goodwill	<u>-102,429.05</u>
Total 1700 · Goodwill	909,682.20
1720 · Organizational costs	5,000.00
1580 · Accumulated amort. - org. costs	<u>-5,000.00</u>
<b>Total Fixed Assets</b>	<u>1,123,023.20</u>
<b>Other Assets</b>	
1750 · Due from officer	<u>591,667.68</u>
<b>Total Other Assets</b>	<u>591,667.68</u>
<b>TOTAL ASSETS</b>	<u><u>2,749,609.74</u></u>

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

10:20 AM  
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Accrual Basis

**Network US, Inc.**  
**Balance Sheet**  
**As of December 31, 2005**

	<u>Dec 31, 05</u>
<b>Accounts Payable</b>	
2105 · A/P - CA Commissions	73,328.17
2100 · Accounts payable	<u>804,269.21</u>
Total Accounts Payable	877,597.38
 <b>Other Current Liabilities</b>	
2101 · Accounts payable - orgs.	6,166.51
2102 · Accounts payable - agents	7,683.74
2119 · Accrued salaries & wages	35,370.76
2150 · State sales tax payable	577,342.00
2151 · Universal Service Fund payable	199,842.00
2152 · Federal excise tax payable	<u>461,063.00</u>
Total Other Current Liabilities	<u>1,287,468.01</u>
 <b>Total Current Liabilities</b>	<u>2,165,065.39</u>
 <b>Total Liabilities</b>	2,165,065.39
 <b>Equity</b>	
2196 · Shareholder Draws-BS	-581,732.92
2197 · Shareholder Draws-TS	-581,732.92
3010 · Retained earnings	1,461,513.67
3100 · Common Stock	1,000.00
Net Income	<u>285,496.52</u>
Total Equity	<u>584,544.35</u>
 <b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>2,749,609.74</u></u>

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03/30/07  
Accrual Basis

**Network US, Inc.**  
**Profit & Loss**  
**January through December 2005**

		<u>Jan - Dec 05</u>
Ordinary Income/Expense		
Income		
4100 · Long distance revenue		8,528,868.35
4130 · Local Loops		371,954.12
4140 · Late Fees		219,951.63
4150 · Plan Fees		1,083,820.22
4200 · PC package revenue		63,879.15
4600 · Local service revenue		29,050.30
4700 · Other operating revenue		-45,492.37
5156 · Customer refunds		-23,403.15
4120 · Long distance discount		-4,906.36
Total Income		<u>10,223,721.89</u>
Cost of Goods Sold		
5030 · Cost of sales - long distance		6,201,441.67
5032 · Cost of sales - internet		9,761.25
5034 · Cost of sales - local		21,557.56
5035 · Cost of sales - calling cards		102,539.92
5040 · 8xx Carrier Charge		32,604.30
5050 · Switch fees		-59,548.59
Total COGS		<u>6,308,356.11</u>
Gross Profit		3,915,365.78
Expense		
1571 · Computer Consulting		50,821.77
1572 · Computer - Supplies		4,489.13
1573 · Computer - Software		11,648.12
1574 · Computer - Hardware		9,346.14
5060 · Commissions - agents		
5062 · Commission-AFF Agents		20,495.89
5061 · Commissions - CA Agents		886,937.26
Total 5060 · Commissions - agents		<u>907,433.15</u>
5071 · Royalties - organizations		70,803.64
5100 · Advertising & promotion		99.96
5101 · Marketing		5,781.23
5120 · Bad debts		430,195.80
5130 · Billing expenses		87,640.79
5131 · Billing postage		109,894.37
5132 · Printing-Collections-Letterhead		8,775.66
5133 · Billing-Online		2,753.30
5134 · Billing-paper		20,183.31
5140 · Collection expense		878.10
5141 · Alarm Expense		390.86
5157 · Charitable Contributions		1,908.80
5180 · Dues & subscriptions		1,764.50
5201 · Storage		9,552.71
5220 · Insurance - commercial		3,048.57
5222 · Insurance - medical & dental		89,729.94



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Accrual Basis

**Network US, Inc.**  
**Profit & Loss**  
**January through December 2005**

	<u>Jan - Dec 05</u>
5224 · Insurance - work comp	5,934.90
5227 · Insurance - Life	8,631.13
5229 · Insurance - MSA	12,253.04
5240 · Licenses & fees	1,619.24
5260 · Outside services	3,400.00
5270 · Postage & delivery	16,631.85
5294 · Professional services	
5295 · Tax Compliance	18,611.74
5294 · Professional services - Other	<u>193,356.82</u>
Total 5294 · Professional services	211,968.56
5310 · Rent expense	51,583.19
5314 · Supplies	17,865.78
5315 · Cleaning Service	15,598.20
5316 · Bank charges	80,689.48
5318 · Repairs & maintenance	3,865.08
5319 · Rentals Expense	4,526.08
5320 · Salaries & wages	954,556.69
5322 · Taxes - payroll	373.69
5323 · State/Local Taxes	59,189.02
5324 · Annual Report Filing	3,607.28
5329 · Property Taxes	5,980.08
5333 · Travel	6,822.21
5334 · Meals and entertainment	74,386.53
5336 · Social Activities	635.09
5337 · Auto	23,266.82
5339 · Lodging	13,558.16
5360 · Telephone	14,865.53
5364 · Utilities	11,107.15
5365 · Telephone-Cellular	20,488.88
5395 · Internet services	6,416.49
5400 · Miscellaneous expense	<u>70,888.99</u>
Total Expense	<u>3,527,848.99</u>
Net Ordinary Income	387,516.79
Other Income/Expense	
Other Income	
5231 · Interest income	<u>8,034.19</u>
Total Other Income	8,034.19
Other Expense	
5170 · Depreciation & amortization	81,509.10
5230 · Interest expense	8,789.53
5450 · Fines & Penalties	<u>19,755.83</u>
Total Other Expense	<u>110,054.46</u>
Net Other Income	<u>-102,020.27</u>
Net Income	<u><u>285,496.52</u></u>